

TOURISM PROMOTIONS BOARD

4/F Legaspi Towers 300
Roxas Boulevard, Manila

CONCRETE AND TIMEBOUND ACTION PLAN ON COA OBSERVATIONS

For Calendar Years 2015 & 2016

AOM No.	Subject	Audit Observations	Action Plan	Management Reply
1. 17-02-15&16 dated March 2, 2017	Validity and Accuracy of Accounts Payable (AP)	<p>The validity and accuracy of Accounts Payable (AP) year-end account balance of P963.533 million was doubtful due to the inclusion:</p> <p>a) CY 2015 erroneous accrual of expenses totaling P273.532 million;</p>	<p>a. The Accounting Division (AD) will review the AP Account and will make the necessary adjusting entries.</p>	<p>a. AD has reviewed the Schedule of Accruals for Adjustments provided by COA in their Audit Observation Memorandum No. 17-02 15 & 16 dated March 2, 2017, and made the necessary adjusting entries to the AP account amounting to P294.69 million in January 2017 for the erroneous recording of Accruals.</p> <p>The Summary of Accruals and necessary adjusting entries made, as well as the corresponding General Journal of the TPB for January 2017 will be submitted to COA together with the 2017 Financial Statements.</p>

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		b) dormant accounts for two years or more amounting to P243.114 million; and c) the negative balances of P77.489	b. AD will review the accounts payable which are already outstanding for two years or more and will make the reversing entry to the FS for CY 2017.	AD is reviewing the Accounts Payable in 2013 and 2014. Once confirmed if the accounts have not actually been paid, AD will make the necessary adjusting entries to close the accounts.
2. 17-14 dated June 13, 2017	Cash Advances granted to DOT Marketing Representatives/Tourism Attaches	Cash advances granted to DOT Marketing Representatives/Tourism Attaché amounting to P185.997 million remained unliquidated even if the purpose for which they were granted have been completed contrary to the provisions of Section 4.6 of COA Circular No. 94-013 dated December 13, 1994, thus, resulting in the overstatement of the receivable and retained earnings and understatement of expenses and other affected accounts by the said amount and may also result in the misuse of funds.	a. AD will comply with COA Circular No. 94-013. b. AD will review each Foreign Market fund transfer account and will demand immediate liquidation of the outstanding fund transfers to MR/TAs. c. An Accounting personnel will be assigned to handle the review and submission to COA of liquidation reports from PDOT MRs/TAs.	a. AD will conduct reconciliation and intervention with DOT MRs/TAs to set up the correct balances of fund transfers and comply with COA Circular 94-013. b. AD will issue memoranda to DOT Marketing Representative/s Tourism Attaches to confirm and follow up the full settlement of the unliquidated fund transfers and demand refund of the unused balances. We will enjoin the Project Officers of the concerned markets in monitoring the timely submission of liquidation reports. c. AD has been updating its recording of liquidation of fund transfers to PDOT MRs/TAs. Liquidation reports are immediately submitted to COA after the AD has reviewed them.

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			d. AD will conduct a reconciliation with DOT MRs/TAs to check the balances of each account. After reconciliation, AD will issue demand letters for the unliquidated fund transfers.	d. Accounting teams have been assigned to conduct reconciliation and intervention with DOT MRs/TAs to check the balances of each account. After reconciliation, AD will issue demand letters for the unliquidated fund transfers.
3. 17-14 dated June 13, 2017	Abnormal/Negative Balances of Due from NGA account	Due from NGA account balance of P313.462 million included abnormal/negative balances of P77.432 million and the account was overstated by P16.629 million due to the booking of fund transfers, which were not released.	AD will comply with the audit recommendation.	AD has issued memoranda dated July 18, 2017, addressed to Division Chiefs/Officer-in-Charge of each PDOT Foreign Markets, requesting for the confirmation of balances of Fund Transfers per AD records. Attached in the memo is the Schedule of Unliquidated Fund Transfers for each PDOT TAs/MRs as of December 31, 2016. AD has adjusted the accrual of Fund Transfers to PDOT Regional and Foreign Offices in CY 2016 amounting to P16.629 million in its January 2017 FS per GJ No. 02-2017-004 dated February 28, 2017.
4. 17-12 dated June 9, 2017	Unutilized Balances of TLA Funds	The unutilized funds totaling P94.374 million were not returned to the Source Agency (SA) despite completion of the projects from 2006-2014, contrary to the provision of	a. AD will confirm balances with the SAs and process return of unused balance.	a. AD has sent a letter of confirmation to DOT dated June 27, 2017 in connection with the balance of TLA funds. AD has partially processed the return of confirmed balances with DOT.

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		<p>Section 4.9 of COA Circular No. 94-013 dated December 13, 1994, thus, resulting in weak monitoring of expenses which may result in the misuse of funds.</p> <p>Disbursements charged against the fund transfers from NGAs and GOCCs in the net amount of P15.033 million were taken up as TPB operating expenses, instead of debits to Due to NGAs and GOCCs accounts, thus, resulting in the overstatement of expenses and Due to NGA and GOCCs accounts and understatement of income account by the same amount.</p>	<p>b. AD will review the Schedule of Fund Transfers from NGAs and GOCCs or the Trust Liability Account (TLA) and will make the necessary adjusting entries to correct the erroneous recording of expenses.</p>	<p>b. AD is reviewing the Subsidiary Ledger of the TLA account. Adjusting entries will be made to adjust the Retained Earnings for erroneous recording of charges to TLA as expenses.</p>

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5. 17-08 dated June 1, 2017	Accuracy and Validity of the Account Balance of Advances to officers and Employees	The accuracy and validity of the account balance of Advances to Officers and Employees amounting to P3.237 million as of December 31, 2016 could not be ascertained due to discrepancies of P1.038 million between the balance per general ledger (GL) and subsidiary ledgers SL).	<p>AD will reconcile the GL and SL balances of the CA Account.</p> <p>b. AD will comply with the audit recommendation.</p> <p>c. AD will use the excel file devised by TPB resident auditor that automatically calculates the outstanding CAs.</p>	<p>AD has submitted the adjusted SL and GL of the CA Account to COA on June 8, 2017 in response to AOM No. 17-08 dated June 1, 2017.</p> <p>b. An Accounting personnel has been assigned to process the liquidation of CAs of TPB officers and employees and submit summary of liquidations for the Ageing of CA.</p> <p>c. AD is currently using the excel file that automatically calculates the number of days outstanding of unliquidated CA. This also serves as a reference for the granting of additional CA.</p> <p>AD has demanded liquidation of prior year's unliquidated CA. As of June 30, 2017, P2.134 million out of P3.237million remain unliquidated.</p>

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			<p>d. AD will comply with the audit recommendation.</p> <p>e. An accounting personnel will be assigned to review the CA account and summarize the adjusting entries to the account.</p> <p>f. AD will make the necessary adjusting entries to correct the recording of accruals of CA.</p>	<p>d. AD has implemented the adjustments in Ageing of CA by calculating the number of days outstanding from the date of completion of project and not from the date of remittance.</p> <p>e. Adjusting entries will be made to correct the negative/abnormal balances in 2017 FS.</p> <p>f. AD has made adjusting entries in January 2017 to correct the accruals of CAs in 2015 in the amount of P2.32 million.</p>

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6. 16-05 dated May 22, 2017	Foreign and domestic remittances/payments and purchase of travel funds through bank account debit advice (ADA)	Foreign and domestic remittances/payments and purchase of travel funds through bank account debit advice (ADA) totaling P546.699 million from January to November 2016 were not supported by valid documents, thus, the accuracy and validity of the expenses/payments were doubtful.	AD will comply with the submission of supporting documents.	Supporting documents have been submitted for the months of January to March and June to November 2016. AD will follow up lacking supporting documents from project officers concerned.
7. 17-06 dated May 29, 2017	Inventory of Plant, Property and Equipment account	The balance of Plant, Property and Equipment (PPE) account could not be ascertained/validated due to the discrepancies between the accounting record and Report on the Physical Count of PPE (RPCPPE) of P15.304 million and P25.958 million as of December 31, 2016 and 2015 respectively.	a. AD and PGSD will conduct reconciliation of inventory balances. b. AD will: <ul style="list-style-type: none"> • Make the necessary adjusting entries to the PPE account; 	a. PGSD will conduct physical inventory of PPE and will reconcile with Accounting Division. A report shall be submitted to COA once completed. b. <ul style="list-style-type: none"> • AD has made the necessary adjusting entries to its January 2017 books and FS in the amount of P2.022 million. • AD is reviewing the entries made to take up the PPE derived from trust fund. • AD has checked the entry made for the analog repeater and will make the necessary adjusting entry to take up the said item as PPE.

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			<ul style="list-style-type: none">• Review the entries made to record the equipment and furnitures derived from the trust fund;• Check the books as to the recording of the analog repeater and make the necessary adjusting entry.	

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			c. PGSD will: <ul style="list-style-type: none"> The PGSD will request a record for the total cost of renovation incurred for TPB's office and will reflect it to the record of Property; Property will include the cost of software in PPEs record and will issue PAR to the concerned employees	c. PGSD has: <ul style="list-style-type: none"> Drafted a memo to finance relative to this, PGSD will forward the draft memo to AD once finalized; Currently been coordinating with AD for the cost of the software and PAR will be issued to concerned employee.
8. 17-13 dated June 13, 2017	Promotional materials and Office Supplies	Promotional materials and office supplies were recorded using the expense method instead of asset method and the stock cards were not properly maintained as required under Section 9 of the Government Accounting Manual	a. AD and PGSD will reconcile the records to account for the discrepancy of office supplies and promotional materials.	a. PGSD is currently coordinating with AD to check the records to trace the discrepancies.

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		(GAM), thus, balances of inventory-promotional materials and office supplies of P6.434 million could not be accounted for and may result in unauthorized issuances of the supplies.	<p>b. AD will comply with the audit recommendation of using the perpetual inventory system.</p> <p>c. The Property Custodian will be required to maintain stock cards for each items</p>	<p>b. An Accounting personnel has been assigned to handle the inventory account although AD has also requested an additional personnel to focus on the said account.</p> <p>c. The property custodian is now adopting and maintaining a stock cards for each delivery of items.</p>
9. 16-07 dated May 29, 2017	Budget Preparation	The 2016 budgets prepared by TPB were not prudently set as shown in the significant variance of P933.447 million between the budget of P1.862 billion against actual expenses of P928.27 million.	For FY 2017, the plan is to include the special projects as spearheaded by the new TPB COO, Mr. Cesar D. Montano.	<p>The FY 2017 Budget, in the amount of P1,845,586,707, has already been submitted to the DBM last June 30, 2017. This already includes new projects under the category of "Film Tourism".</p> <p>The Finance Department already issued a Memorandum dated to all the departments under the Marketing and Promotions to submit the projects for the remainder of the year. This is to anticipate the positive funding gap that needs to be addressed.</p>

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10. 16-05 dated May 22, 2017	Special Contingency Fund (SCF)	TPB did not maintain separate bank account for the Special Contingency Fund (SCF) in the amount of P119.684 million which was booked under the Other Assets-Restricted funds contrary to Section 56 of the Tourism Act, thus, the funds may be used for other purpose.	AD will comply with the audit recommendation.	AD has already deposited the SCF in the amount of P119.684 million in a separate high yield investment account on August 15, 2017.
11. 17-08 dated June 1, 2017	Grant of Cash Advances	Cash advances were granted to officials who were not bonded or whose bond was insufficient to cover the cash advance, contrary to Section 4.1 of the Treasury No. 02-009 dated August 6, 2009, thus, the funds were not duly protected.	AD will ensure that bonding papers of the personnel requesting for CA are attached to the Disbursement Voucher (DV) as supporting documents. Also, AD will request list of bonded personnel from the Administrative Department for reference.	AD has requested Administrative Department to provide list of bonded TPB personnel. Also, AD is ensuring that bonding papers of the personnel requesting for CA is attached to the DV.
12. 17-10 dated June 7, 2017	Grant of Excessive Cash Advances to	Excessive cash advances were granted to officers and employees, thus, resulting in	a. AD will issue a memorandum requiring all personnel requesting for	A memorandum was issued on July 13, 2017 prescribing additional guidelines for the grant, utilization and liquidation of CA. This includes requiring personnel requesting for CA to provide an itemized or detailed

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	Officers and Employees	refunds ranging from 44 per cent to 84 per cent of the cash advances, while unutilized cash advances were not refunded for 47 to 146 days from the prescribed period within which the CA should be liquidated.	<p>CA to provide an itemized or detailed listing of expenses along with estimates of associated costs in calculating the CA. Each breakdown of CA shall be approved by the immediate supervisor.</p> <p>In order to ensure that CAs granted to officers and employees is not excessive, AD shall check that the estimates provided in the breakdown of CA are reasonable.</p> <p>b. AD will strictly implement the policy of non-granting of additional CA to personnel with outstanding unliquidated CA.</p>	<p>listing of expenses along with estimates of associated costs in calculating the CA. The immediate supervisor shall approve the said breakdowns. A Certificate from AD of no unliquidated CA is required as supporting document before granting additional CA.</p> <p>An accounting personnel has been assigned to strictly monitor the granting, utilization and liquidation of CA.</p>

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13. 17-13 dated June 13, 2017	Stock of Promotional Materials	The overstocking of promotional materials costing more than P3.716 million in the warehouse from five months to more two years, contrary to Section 24 of the General Appropriations Acts, resulted in unnecessary and excessive expenses.	PGSD will coordinate with MARCOM Department to comply with the Section 24 of the GAA	PGSD has issued a memorandum to MarComm to comply with the observation of COA. PGSD will coordinate with MarCom if they were able to communicate with COA relative to this matter.
14. Annual Audit Report (AAR) for CYs 2015 and 2016 Part II, Item 14, Pages 34	TPB's GAD Plan and Budget	The TPB's GAD Plan and budget was not submitted to PCW for endorsement to DBM and did not allocate at least 5% of its DBM approved corporate operating budget mainstreaming the regular activities which may be embedded in the GAD Plans and programs, contrary to RA No. 9710 and paragraph 8.2 and 6.1 of PCW-NEDA-DBM Joint Circular No. 2012-01.	a. The plan is to coordinate with the PCW to reiterate the "attribution policy" of the DBM when it comes to allocating 5% of the whole TPB budget for GAD objectives/activities. c. The 5% of the total COB for FY 2017 is P92,279,335, which is too excessive if we come up with GAD-related activities without attributing.	a. To schedule clarificatory meeting with the TPB Administrative Department, Finance Department, and the PCW's authorized representative/s

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Agency sign-off:



CESAR D. MONTANO
Chief Operating Officer

Name and Position of Agency Officer



_____ Date